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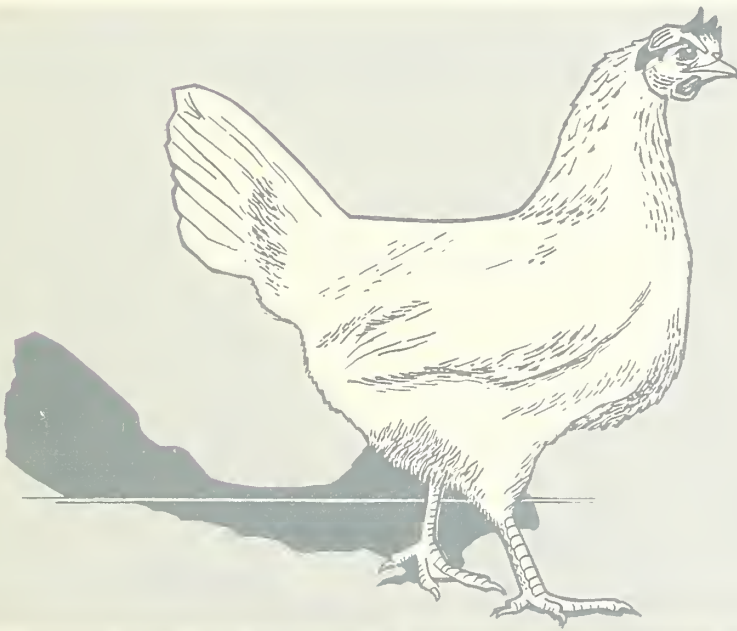
U. S. DEPARTMENT OF AGRICULTURE • ECONOMIC RESEARCH SERVICE • JUNE 1964 • FCR-25

# **COSTS and RETURNS**

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**Commercial  
Egg-  
Producing  
Farms**

**New Jersey**

1963

## FARM COSTS STUDIES

This report is part of a continuing nationwide study of costs and returns on commercial farms and ranches by type and size in some of the important farming regions of the United States. The study is conducted under the general supervision of Wylie D. Goodsell, Farm Production Economics Division, Economic Research Service. Objectives, methodology, procedure, and terms are uniform for all areas covered in the study.

The 1963 costs and returns studies have been conducted on the following:

- Dairy Farms, Northeast and Midwest
- Corn Belt Farms
- Egg-Producing Farms, New Jersey
- Broiler Farms, Maine, Delmarva, and Georgia
- Cotton Farms
- Tobacco Farms, Coastal Plain, North Carolina
- Tobacco-Livestock Farms, Bluegrass Area, Kentucky
- Wheat Farms, Plains and Pacific Northwest
- Western Livestock Ranches

Summary statistics for all types of farms in the study are presented in a report, revised annually. The latest such report was published in 1963 and is titled: "Farm Costs and Returns, Commercial Farms, by Type, Size, and Location," Agriculture Information Bulletin No. 230, Revised, 1963.

Information on the studies can be obtained from Farm Production Economics Division, Economic Research Service, U.S. Department of Agriculture, Washington, D.C., 20250.

## LOCATION OF TYPES OF FARMS STUDIED

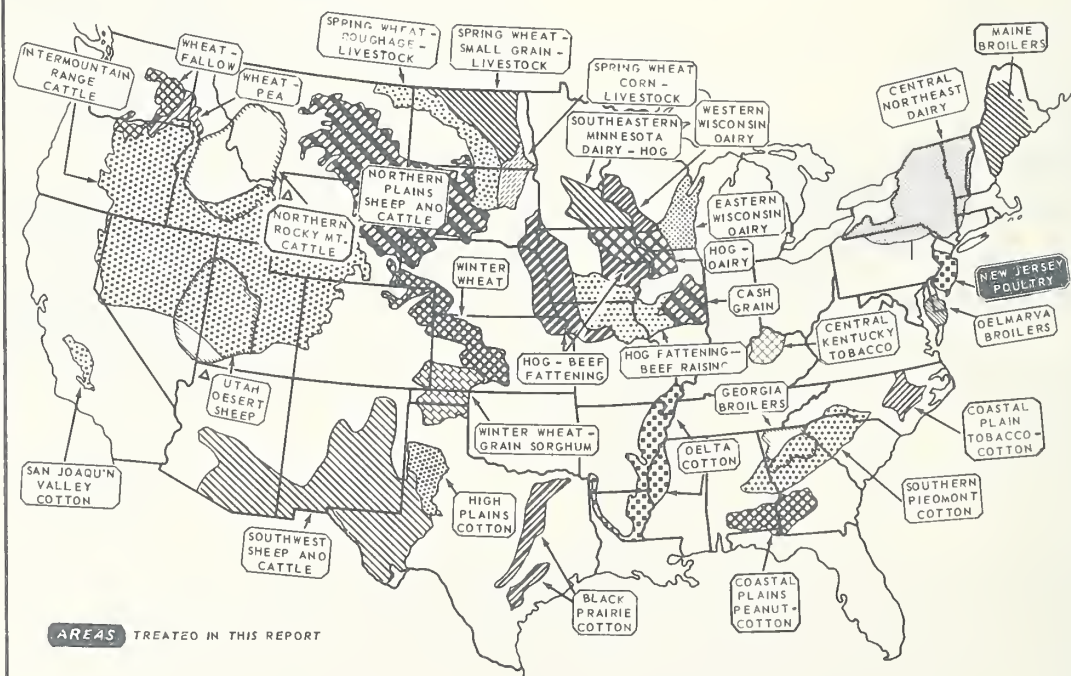


Figure 1

# COSTS AND RETURNS

## COMMERCIAL EGG-PRODUCING FARMS

### NEW JERSEY, 1963

Everett O. Stoddard, II and John W. Carncross<sup>1</sup>

In 1963, net farm income on typical commercial egg-producing farms in New Jersey averaged \$2,008 per farm (fig. 1, table 1). This was \$425 less than in 1962. A 0.7 cent per dozen decline in egg prices coupled with a 10 cent per hundredweight increase in feed prices more than offset an additional production of 1,974 dozen eggs per farm compared with 1962.

Total cash receipts on these farms averaged about the same for both years as additional receipts from eggs more than offset lower receipts from cull layers compared with 1962 (fig. 2). Income from cull layers decreased in 1963 because of lower prices received and fewer marketings. Farmers who were disposing of flocks, which were several years old, found very little demand in normal marketing channels for such birds. A few operators gave the birds away to dispose of them before placing pullets in the laying houses.

Prices received for eggs sold (wholesale, retail, etc.) on these New Jersey farms in 1963 averaged 34.1 cents per dozen compared with 34.8 cents for a year earlier. Until 1963, changes in the annual average price of eggs for New Jersey and the United States followed similar patterns (see chart on page 6, U.S. and New Jersey Prices Received by Farmers for Eggs). In previous years, New Jersey and other nearby egg producers serving the New York market usually received a bonus of up to 1.5 cents per dozen over a base quotation. The quoted price, with differences for transportation and marketing costs, determined prices for the majority of eggs sold by producers in the Mid-Atlantic, Southern, and other areas supplying Eastern markets. But Southern producers improved the quality of their eggs and producers closer to New York lost the advantage. The loss of this bonus explained most of the decline from 1962 to 1963 in egg prices received by New Jersey operators compared with most U.S. producers.

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<sup>1</sup> Agricultural Economist, Farm Production Economics Division, Economic Research Service, U.S. Department of Agriculture, and Professor of Agricultural Economics, Rutgers University. The New Jersey Agricultural Experiment Station is a cooperator in the continuing study of costs and returns on commercial egg-producing farms in New Jersey.



Table 1.- Organization, production, costs and returns, commercial egg-producing farms, New Jersey, 1957-59 average, 1962 and 1963

Item	1957-59	1962	1963 <u>1/</u>
	<u>Number</u>	<u>Number</u>	<u>Number</u>
Laying hens on hand, Jan. 1.....	4,687	5,050	5,050
Chickens raised.....	3,042	2,980	2,856
Average number of layers on hand, during year.....	4,080	4,646	4,696
Eggs per layer on hand, during year.....	195	192	195
Total labor used.....	5,200	5,010	5,080
Operator and family.....	4,280	4,110	4,170
Hired.....	920	900	910
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
Total farm capital, Jan. 1.....	42,090	44,720	44,080
Land and buildings.....	32,850	34,870	34,500
Machinery and equipment.....	1,890	2,270	2,260
Livestock.....	7,350	7,580	7,320
Total cash receipts.....	25,410	26,789	26,787
Eggs.....	24,658	25,834	25,988
Cull layers.....	752	955	799
Total cash expenditures.....	25,487	25,323	25,834
Feed purchased.....	19,286	19,484	20,081
Baby chicks.....	1,419	1,225	1,142
Brooder fuel.....	183	146	131
Other poultry expense.....	490	557	571
Machinery.....	926	1,023	1,028
Farm buildings.....	1,530	983	914
Labor hired.....	840	892	933
Taxes.....	434	556	563
Telephone.....	33	45	45
Electricity.....	230	245	248
Insurance.....	34	46	47
Miscellaneous expense.....	82	121	131
Net cash farm income.....	-77	1,466	953
Value of perquisites.....	922	967	983
Change in inventory:			
Livestock.....	182	---	72
Machinery and buildings.....	715	---	---
Gross farm income.....	26,514	27,756	27,842
Operating expenses.....	24,772	25,323	25,834
Net farm income.....	1,742	2,433	2,008

1/ Preliminary.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

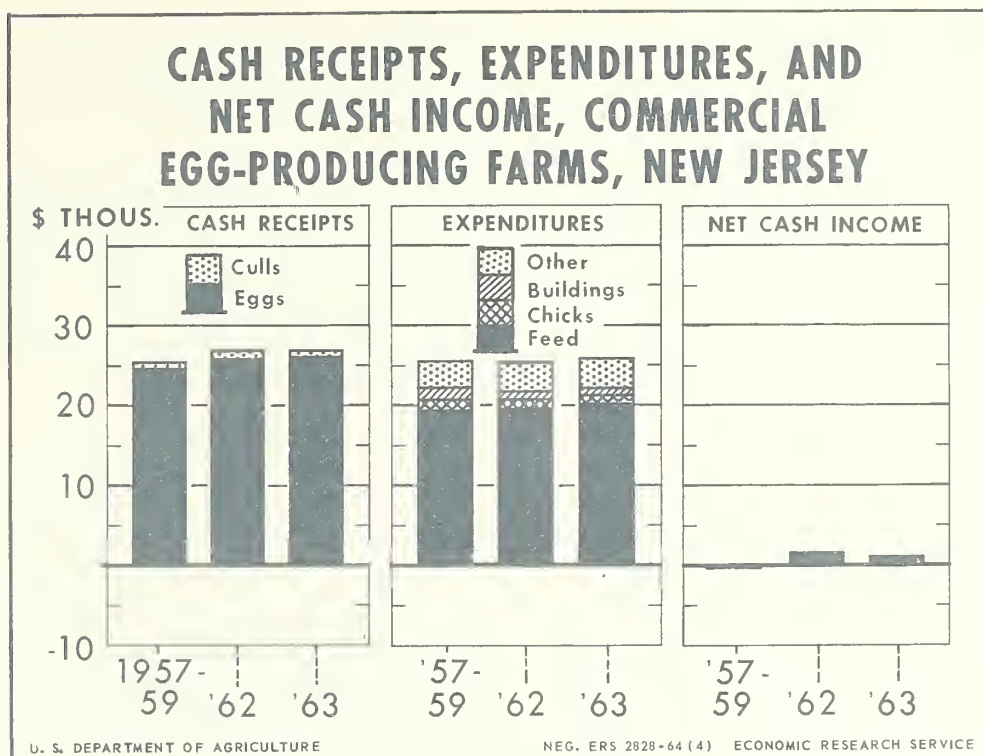


Figure 2

In 1963, typical New Jersey operators increased egg production by 1,974 dozen compared with a year earlier. A slightly larger flock size and an increased rate of lay were responsible. The rate of lay in 1963 on these farms averaged 195 eggs per layer, 3 eggs more than in 1962, but the same as for the 1957-59 period. The rate of lay averaged about 1.5 percent higher in the first 3 quarters of 1963 compared with a similar period in 1962. This came from a slightly younger laying flock (ratio of pullets to hens) during the first 9 months of 1963. These operators kept a larger percentage of layers for a second year of production than in 1962. Despite the older flock in the last quarter of 1963, the rate of lay still averaged nearly 3 percent more than for the last quarter of 1962.

For the years 1960 through 1962 the average rate of lay on New

Jersey farms did not follow the increased production per bird for the United States (see chart on page 6, U.S. and New Jersey Egg Production per Layer). Many small, less efficient New Jersey producers quit poultry farming during this period because of continued unfavorable price-cost relationships. The larger producers on the average did a better job of flock management in 1963.

Total farm operating expenses on typical New Jersey egg-producing farms in 1963 increased \$511 per farm because feed prices were higher and more inputs were purchased for a larger average flock size than in 1962. These operators paid \$73.80 per ton for laying mash in 1963. This was about \$2.00 per ton more than for a year earlier. Prices paid for chick starter and grower mix for the replacement flock also increased by about \$2.60 and \$2.00 per ton,

respectively. About the same tonnage of these feeds was purchased in both years. A slightly improved feed conversion rate for layers and a smaller replacement flock raised in 1963 nearly offset an increased rate of lay and greater input requirements for a larger flock size.

Operators continued to hold expenditures for building and equipment repairs and replacements to a minimum because of depressed incomes since 1959. The only construction done in this area during 1960-63 was an occasional remodeling from a floor type operation to a caged operation. Some producers wishing to expand their operations also found ample opportunity to do so by leasing poultry facilities. Annual leasing costs averaged between 20 and 25 cents per layer, depending on the quality and condition of buildings and equipment. The price was usually at the higher level if there was a dwelling on the

premises for hired labor. These arrangements have certain economic advantages to both lessee and lessor. The lessor is able to obtain buildings and equipment at a cost nearly one-third less than building depreciation, real estate taxes, and insurance costs on owned buildings of similar size and quality. The lessor must, however, do all regular maintenance and repair work on the rented buildings.

The profitability of specialized egg operations depends largely on three factors: (1) Rate of lay; (2) price of feed; and (3) price of eggs. Receipts from the sale of eggs on New Jersey egg-producing farms comprised nearly all of the cash income. The feed bill made up about three-fourths of total cash expenditures. A difference of only one egg per layer, a small change in the price of feed, or a slight change in the price of eggs can mean profit or loss (table 2).

Table 2.--Influences of specified factors on income to commercial egg-producing farmers, New Jersey, 1963

Factor	Annual change in income	
	Per layer	Per farm
	<u>Cents</u>	<u>Dollars</u>
1-cent-per-dozen change in egg prices .....	16.25	762
1-cent-per-pound change in fowl prices .....	44.5	90
1-cent-per-cwt. change in laying mash .....	.92	43
1-egg change in rate of lay .....	<sup>1</sup> 2.33	91

<sup>1</sup>Adjusted for feed consumption.

### Off-Farm Sources of Income, 1962

Labor requirements on these New Jersey poultry farms take about 2 man-years of labor. This is usually supplied by the operator and a com-

bination of family and hired labor. However, because of unfavorable incomes on some farms in previous years, a few operators or other family members sought off-farm employment. Loaning agencies



frequently recommended off-farm employment, particularly when it would not significantly reduce the efficiency of the poultry operation.

A survey of typical New Jersey poultry farms with 3,000 to 8,999 layers indicated an average supplemental gross nonfarm income in 1962 of \$1,722 per farm. This income included both gross wages (before any payroll deduction) from off-farm employment and gross income from nonwork sources. Nonwork income included social security, disability or veterans payments, interest, dividends, patronage dividends, etc. No data were available on nonfarm sources of income for these operators in 1963. Consequently, the 1962 data are included. These operators or their families probably kept such jobs in 1963, because net farm income was below the 1962 level.

About one-tenth of the operators reported nonfarm jobs in 1962. And

on almost one-fourth of the farms, one or more family members worked off the farm during that year (table 3). Management is very important on these specialized poultry farms. Thus, it is more difficult for the operator to be away from the farm than other family members. Lower farm income and less labor requirements also were partly responsible for more off-farm employment by other family members. Farms where other family members, instead of operators, had nonfarm employment, were about 10 percent smaller.

Most of the people reporting off-farm jobs had fulltime employment. Operators who had nonfarm jobs worked about 39 weeks (5-day work week) per year off the farm, whereas other family members averaged about 42 weeks. In some cases, more than one family member had an off-farm job.

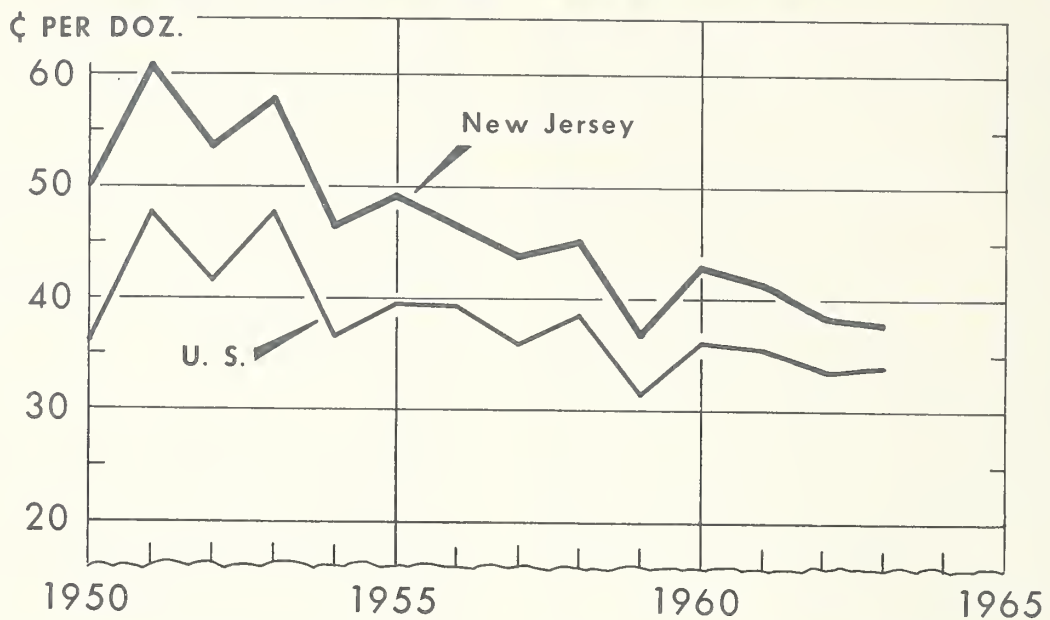
Table 3.--Off-farm employment and gross off-farm wages for operators and family members on 87 commercial egg-producing farms, 3,000 to 8,999 layers, New Jersey, 1962

Item	Unit	Operator	Family <sup>1</sup>
Operators and family members .....	Percent	11	23
Average number of days worked for all farmers in survey .....	Number	23	48
Average off-farm wages for all farmers in survey .....	Dollar	586	695
Average number of days worked for operator or family member reporting .....	Number	196	210
Average off-farm wages for operator or family member reporting.....	Dollar	5,102	3,025
Average number of layers on hand, Jan. 1, 1962...	Number	5,000	4,550

<sup>1</sup> More than one family member reported off-farm employment in some cases. Days worked and gross earnings are on a per farm basis instead of an individual basis.

U. S. and New Jersey

## PRICES RECEIVED BY FARMERS FOR EGGS

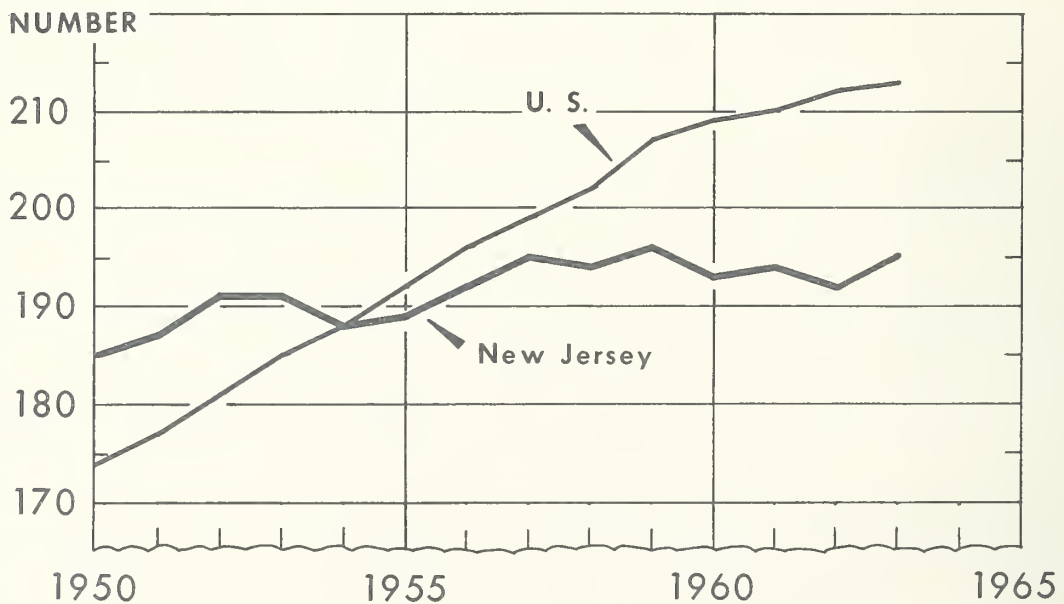


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## EGG PRODUCTION PER LAYER

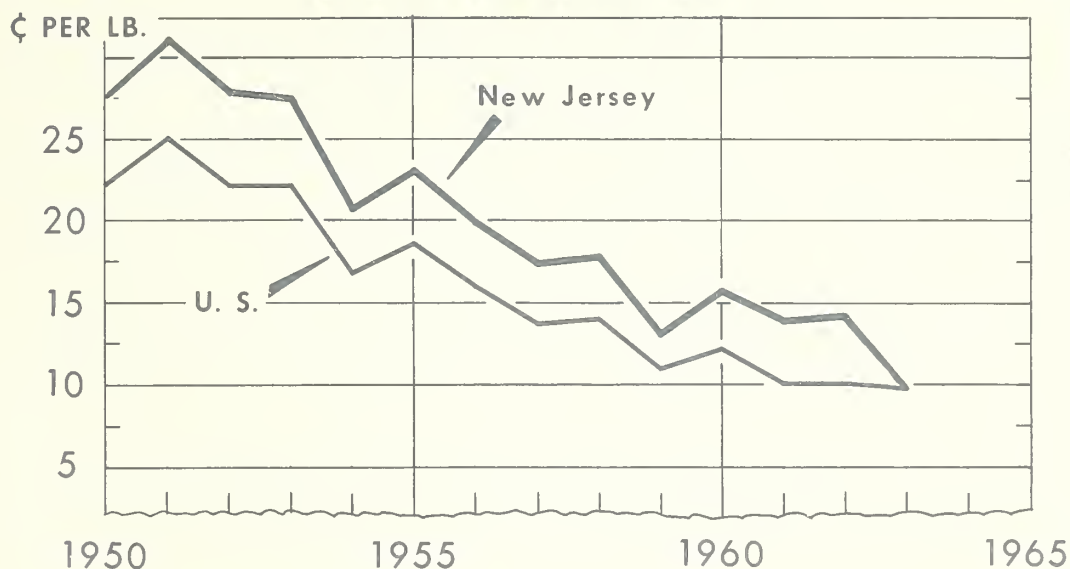


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## PRICES RECEIVED BY FARMERS FOR FARM CHICKENS

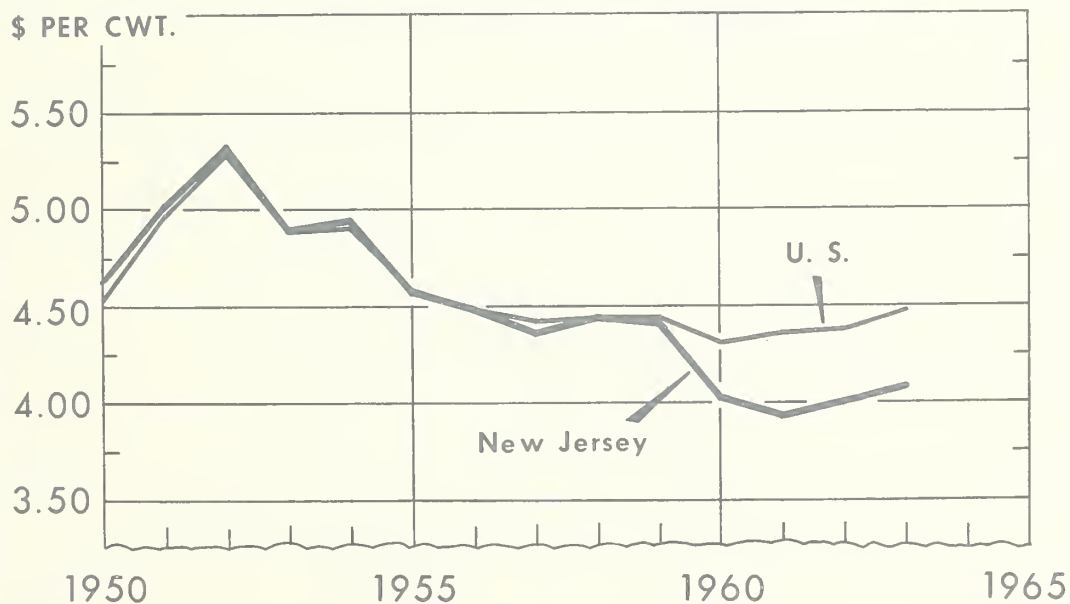


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## PRICES PAID BY FARMERS FOR LAYING MASH

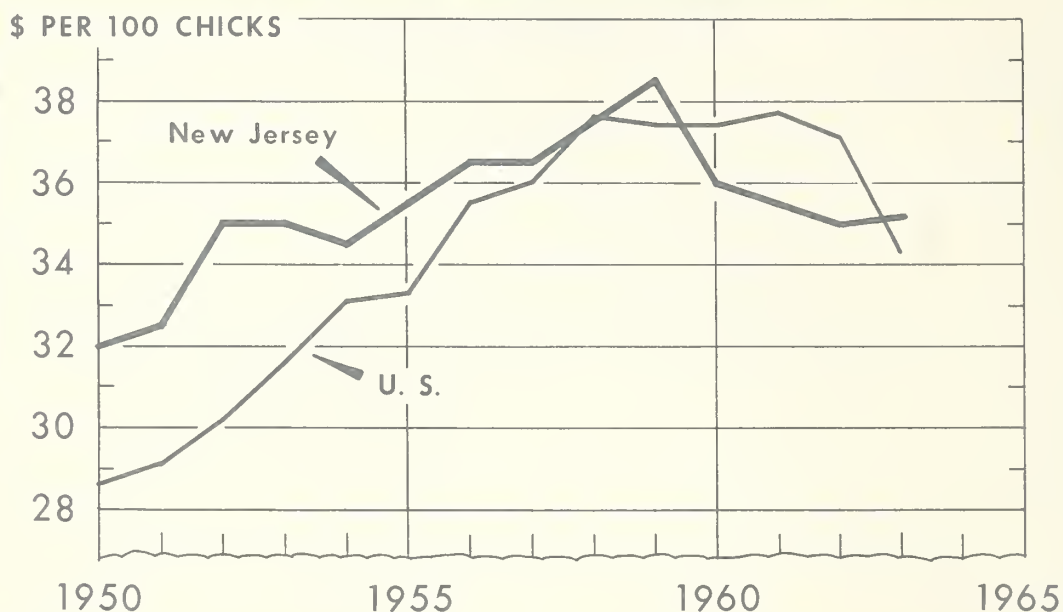


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## PRICES PAID BY FARMERS FOR SEXED PULLETS

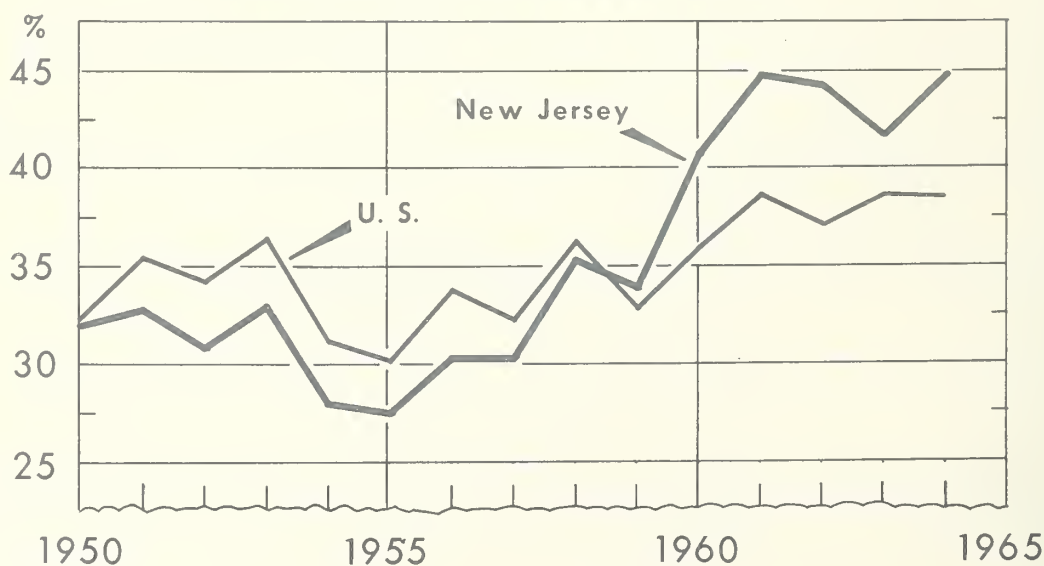


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## HENS AS A PERCENTAGE OF HENS AND PULLETS ON HAND, JAN. 1



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